

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Western Division

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 vs.

15 JULIE ANNE DARRAH and VIVID
16 FINANCIAL MANAGEMENT, INC.,

17 Defendants.

Case No. 2:23-cv-08843-DSF-AGR

**FINAL JUDGMENT AS TO
DEFENDANT VIVID FINANCIAL
MANAGEMENT, INC.**

1 The Securities and Exchange Commission having filed a Complaint and
2 Motion for Entry of Default Judgment against Defendant Vivid Financial
3 Management, Inc. (Defendant); and the Court having considered the Complaint,
4 Motion, supporting Memorandum of Points and Authorities, supporting declarations
5 and exhibits, and other evidence and arguments presented to the Court:

6 **I.**

7 **IT IS ORDERED, ADJUDGED, AND DECREED** that Defendant is
8 permanently restrained and enjoined from violating, directly or indirectly, Section
9 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Exchange Act
10 Rule 10b-5 [17 C.F.R. § 240.10b-5], by using any means or instrumentality of
11 interstate commerce, or of the mails, or of any facility of any national securities
12 exchange, in connection with the purchase or sale of any security:

- 13 (a) to employ any device, scheme, or artifice to defraud;
- 14 (b) to make any untrue statement of a material fact, or to omit to state a
15 material fact necessary in order to make the statements made, in the light of the
16 circumstances under which they were made, not misleading; or
- 17 (c) to engage in any act, practice, or course of business that operates or
18 would operate as a fraud or deceit upon any person by, directly or indirectly, (i)
19 creating a false appearance or otherwise deceiving any person, or (ii)
20 disseminating false or misleading documents, materials, or information or
21 making, either orally or in writing, any false or misleading statement in any
22 communication with any investor or prospective investor, about:
 - 23 (A) any investment strategy or investment in securities,
 - 24 (B) the prospects for success of any product or company,
 - 25 (C) the use of investor funds,
 - 26 (D) compensation to any person,
 - 27 (E) Defendant's qualifications to advise investors; or
 - 28 (F) the misappropriation of investor funds or investment proceeds.

1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Final Judgment by personal
4 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
5 attorneys; and (b) other persons in active concert or participation with Defendant or
6 with anyone described in (a).

7 **II.**

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
9 is permanently restrained and enjoined from violating Section 17(a) of the Securities
10 Act of 1933 [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any
11 means or instruments of transportation or communication in interstate commerce or
12 by use of the mails, directly or indirectly:

- 13 (a) to employ any device, scheme, or artifice to defraud;
- 14 (b) to obtain money or property by means of any untrue statement of a
15 material fact or any omission of a material fact necessary in order to make the
16 statements made, in light of the circumstances under which they were made,
17 not misleading; or
- 18 (c) to engage in any transaction, practice, or course of business which
19 operates or would operate as a fraud or deceit upon the purchaser by, directly
20 or indirectly, (i) creating a false appearance or otherwise deceiving any person,
21 or (ii) disseminating false or misleading documents, materials, or information
22 or making, either orally or in writing, any false or misleading statement in any
23 communication with any investor or prospective investor, about:
 - 24 (A) any investment strategy or investment in securities,
 - 25 (B) the prospects for success of any product or company,
 - 26 (C) the use of investor funds,
 - 27 (D) compensation to any person,
 - 28 (E) Defendant's qualifications to advise investors; or

1 (F) the misappropriation of investor funds or investment proceeds.

2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
3 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
4 binds the following who receive actual notice of this Final Judgment by personal
5 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
6 attorneys; and (b) other persons in active concert or participation with Defendant or
7 with anyone described in (a).

8 **III.**

9 IT IS FURTHER ORDERED AND ADJUDGED that Defendant is
10 permanently restrained and enjoined from violating, while acting as an investment
11 adviser, Sections 206(1) and (2) of the Investment Advisers Act of 1940 [15 U.S.C. §
12 80b-6(1) and (2)] by using the mails or any means or instrumentality of interstate
13 commerce, directly or indirectly:

14 (a) to employ any device, scheme, or artifice to defraud any client or
15 prospective client; or

16 (b) to engage in any transaction, practice, or course of business which
17 operates as a fraud or deceit upon any client or prospective client by, directly
18 or indirectly, (i) creating a false appearance or otherwise deceiving any client
19 or prospective client, or (ii) disseminating false or misleading documents,
20 materials, or information or making, either orally or in writing, any false or
21 misleading statement in any communication with any client or prospective
22 client, about:

23 (A) any investment strategy or investment in securities,
24 (B) the prospects for success of any product or company,
25 (C) the use of client funds,
26 (D) compensation to any person,
27 (E) Defendant's qualifications to advise clients; or
28 (F) the misappropriation of client funds or investment proceeds.

1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Final Judgment by personal
4 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
5 attorneys; and (b) other persons in active concert or participation with Defendant or
6 with anyone described in (a).

7 **IV.**

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
9 is permanently restrained and enjoined from violating Section 206(4) of the Advisers
10 Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7 promulgated thereunder [17 C.F.R. §
11 275.206(4)-7], by providing investment advice without adopting and implementing
12 written policies and procedures reasonably designed to prevent violations of the
13 Advisers Act and the rules that the Commission has adopted under the Advisers Act.

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
15 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
16 binds the following who receive actual notice of this Order by personal service or
17 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
18 (b) other persons in active concert or participation with Defendant or with anyone
19 described in (a).

20 **V.**

21 IT IS ORDERED, ADJUDGED, AND DECREED that Defendant is
22 permanently restrained and enjoined from violating Section 207 of the Advisers Act
23 [15 U.S.C. § 80b-7] by making any untrue statement of a material fact in any
24 registration application or report filed with the Commission under Section 203 or 204
25 of the Advisers Act [15 U.S.C. §§ 80b-3 or 80b-4], or willfully omitting to state in
26 any such application or report any material fact which is required to be stated therein.

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
28 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also

1 binds the following who receive actual notice of this Order by personal service or
2 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
3 (b) other persons in active concert or participation with Defendant or with anyone
4 described in (a).

5 **VI.**

6 IT IS ORDERED, ADJUDGED, AND DECREED that Defendant is
7 permanently restrained and enjoined from violating, while acting as an investment
8 adviser, Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-2 [17
9 C.F.R. § 275.206(4)-2] promulgated thereunder, by using any means or
10 instrumentality of interstate commerce, directly or indirectly, to engage in acts,
11 practices, or courses of business that are fraudulent, deceptive, or manipulative by
12 having custody of client funds or securities without:

13 (a) having a reasonable basis, after due inquiry, for believing that the
14 qualified custodian sends account statements at least quarterly to the clients;
15 and
16 (b) ensuring that client funds and securities are verified by actual
17 examinations each year by an independent public accountant at a time chosen
18 by the accountant without prior notice or announcement to the adviser.

19 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
20 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
21 binds the following who receive actual notice of this Judgment by personal service or
22 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
23 (b) other persons in active concert or participation with Defendant or with anyone
24 described in (a).

25 **VII.**

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
27 is jointly and severally liable with co-Defendant Julie Anne Darrah for disgorgement
28 of \$2,005,330, representing net profits gained as a result of the conduct alleged in the

1 Complaint, as well as \$311,511.66 in prejudgment interest. In addition, Defendant is
2 liable for a civil penalty in the amount of \$2,005,330 pursuant to Section 20(d) of the
3 Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. §
4 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U.S.C. § 80b-9(e). Defendant
5 shall satisfy this obligation by paying the total amount for which it is liable to the
6 Securities and Exchange Commission within 30 days after entry of this Final
7 Judgment.

8 Defendant may transmit payment electronically to the Commission, which will
9 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
10 be made directly from a bank account via Pay.gov through the SEC website at
11 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
12 check, bank cashier's check, or United States postal money order payable to the
13 Securities and Exchange Commission, which shall be delivered or mailed to

14 Enterprise Services Center
15 Accounts Receivable Branch
16 6500 South MacArthur Boulevard
Oklahoma City, OK 73169

17 and shall be accompanied by a letter identifying the case title, civil action
number, and name of this Court; Vivid Financial Management, Inc. as a defendant in
18 this action; and specifying that payment is made pursuant to this Final Judgment.

20 Defendant shall simultaneously transmit photocopies of evidence of payment
21 and case identifying information to the Commission's counsel in this action. By
22 making this payment, Defendant relinquishes all legal and equitable right, title, and
23 interest in such funds and no part of the funds shall be returned to Defendant.

24 The Commission may enforce the Court's judgment for disgorgement and
prejudgment interest by using all collection procedures authorized by law, including,
25 but not limited to, moving for civil contempt at any time after 30 days following entry
26 of this Final Judgment.

28 The Commission may enforce the Court's judgment for penalties by the use of

1 all collection procedures authorized by law, including the Federal Debt Collection
2 Procedures Act, 28 U.S.C. § 3001 et seq., and moving for civil contempt for the
3 violation of any Court orders issued in this action. Defendant shall pay post
4 judgment interest on any amounts due after 30 days of the entry of this Final
5 Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds,
6 together with any interest and income earned thereon (collectively, the Fund),
7 pending further order of the Court.

8 The Commission may propose a plan to distribute the Fund subject to the
9 Court's approval. Such a plan may provide that the Fund shall be distributed
10 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of
11 2002. The Court shall retain jurisdiction over the administration of any distribution
12 of the Fund and the Fund may be disbursed only pursuant to an Order of the Court.

13 Regardless of whether any such Fair Fund distribution is made, amounts
14 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
15 penalties paid to the government for all purposes, including all tax purposes. To
16 preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or
17 reduction of any award of compensatory damages in any Related Investor Action
18 based on Defendant's payment of disgorgement in this action, argue that it is entitled
19 to, nor shall it further benefit by, offset or reduction of such compensatory damages
20 award by the amount of any part of Defendant's payment of a civil penalty in this
21 action (Penalty Offset). If the court in any Related Investor Action grants such a
22 Penalty Offset, Defendant shall, within 30 days after entry of a final order granting
23 the Penalty Offset, notify the Commission's counsel in this action and pay the amount
24 of the Penalty Offset to the United States Treasury or to a Fair Fund, as the
25 Commission directs. Such a payment shall not be deemed an additional civil penalty
26 and shall not be deemed to change the amount of the civil penalty imposed in this
27 Judgment. For purposes of this paragraph, a "Related Investor Action" means a
28 private damages action brought against Defendant by or on behalf of one or more

1 investors based on substantially the same facts as alleged in the Complaint in this
2 action.

3 **VIII.**

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
5 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
6 Judgment.

7 **IX.**

8 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
9 Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and
10 without further notice.

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12 Dated: October 10, 2025

13 
14 HONORABLE DALE S. FISCHER
15 UNITED STATES DISTRICT JUDGE

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